GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

STARRED QUESTION NO:22
ANSWERED ON:08.07.2014
RISE IN PRICES OF FERTILIZERS
Nayak Shri B.V.;Sampath Shri Anirudhan

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether the prices of fertilizers is on the rise in the recent past;

(b) if so, the details thereof and the reasons therefor during each of last three years and the current year, fertilizer-wise;

(c) the existing mechanism in place to monitor the movement of prices of fertilizers in the country;

(d) whether adequate quantity of fertilizers is made available to the farmers during sowing season and if so, the details thereof and if not, the reasons therefor; and

(e) the step taken/proposed to be taken by the Government to provide adequate quantity of fertilizers to the farmers at an affordable prices?

Answer

MINISTER OF CHEMICALS AND FERTILIZERS (SHRI ANANTH KUMAR)

(a) to (e): A statement is laid on the Table of the House. .

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF THE LOK SABHA STARRED QUESTION NO. 22 TO BE ANSWERED ON 08.07.2014 REGARDING RISE IN PRICES OF FERTILZERS.

(a) & (b): Urea is provided to the farmers at the statutory price of Rs 5310 per MT since 1.4.2010. This price was increased slightly by Rs. 50 per MT w.e.f. November 2012 to meet the expenses of retailers for acknowledging the receipt of fertilizers in the mobile based Fertilizer Monitoring System (m-FMS). So now the MRP is Rs 5360 per MT excluding the Central Excise Duty of 1% for the domestically produced urea and 1% Counter Vailing Duty (CVD) on the imported Urea and local taxes (VAT etc.) levied by various State Governments .

As regards Phosphatic & Potassic (P&K) fertilizers, the Government is implementing Nutrient Based Subsidy (NBS) Policy w.e.f. 1.4.2010. Under the NBS Policy, a fixed amount of subsidy is provided on each grade of subsidized P&K fertilizers depending upon its nutrient (N, P, K & S) content. The prices of P&K fertilizers are fixed by the fertilizer companies at reasonable level.

Our country is import dependent to the extent of 100% in Potassic sector and about 90% in phosphatic sector in the form of either finished fertilizers or intermediates. Any increase in prices of fertilizers and its raw materials/intermediates in the international market and fluctuation in exchange rate has a direct bearing on the prices of P&K fertilizers in the country.

With the easing of international prices of P&K fertilizers and its raw materials/intermediates, the prices of P&K fertilizers have remained stable since 2012-13 onwards. The quarter-wise MRPs of various subsidized P&K fertilizers fixed by fertilizer companies during the last three years and the current year are tabulated at Annexure-1.

(c): In order to monitor the prices of fertilizers, the following steps/measures have been put in place under the NBS Policy:

i) Prices of P&K fertilizers are monitored through web based Fertilizer Monitoring System (FMS).

ii) Fertilizer companies are required to submit month-wise MRP data of their fertilizer products under FMS.

iii) The fertilizer companies have been asked to submit cost data of their fertilizer products from 2012-13 onwards on six monthly basis.

iv) In order to devise proper monitoring system regarding prices of P&K fertilizers, the fertilizer companies have been directed to have the same MRPs printed on the bags as applicable for each State in the FMS.

(d) : The Government provides adequate quantity of fertilizers to the farmers during Rabi as well as Kharif seasons. In this regard, a statement showing requirement, availability and sale of fertilizers during the previous years and the current year up to June 2014 is

annexed at Annexure-2.

(e): The following steps have been taken by the Government to ensure adequate supply of subsidized chemical fertilizers to the farmers:

i) The month-wise demand is assessed and projected by the Department of Agriculture & Cooperation (DAC) in consultation with the State Governments before commencement of each cropping season.

ii) On the basis of month-wise & state-wise projection given by DAC, Department of Fertilizers allocates sufficient/ adequate quantities of fertilizers to States by issuing monthly supply plan and continuously monitors the availability through following system:

iii) The movement of all major subsidized fertilizers is being monitored throughout the country by an on-line web based monitoring system (www.urvarak.co.in) also called as FMS;

iv) The State Governments are regularly advised to coordinate with manufacturers and importers of fertilizers for streamlining the supplies through timely placement of indents for railway rakes through their state institutional agencies like Markfed etc.

v) Regular weekly Video conference is conducted jointly by DAC, Department of Fertilizers (DoF), and Ministry of Railways with State Agriculture Officials and corrective actions are taken to dispatch fertilizer as indicated by the State governments.